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February 15, 1994

BY HAND DELIVERY

Mr. William Caton Acting Secretary Federal Communications Commission 1919 M Street, N.W. Washington, DC 20554 RECEIVED

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

Re:

MM Docket No. 92-266

Supplemental Information re: Programming Costs for

Small Versus Large Cable Operators

Dear Mr. Caton:

On behalf of the Coalition of Small System Operators, we enclose for filing an analysis of the difference in programming costs for a member of the Coalition and a large operator with more than one million subscribers. This analysis was prepared in 1992. It compares the programming costs paid by a small operator with those of United Artists, then an operator with more than one million subscribers. The analysis illustrates the substantial cost savings available to the largest operators that are able to benefit from volume discounts. The Coalition member has requested that we not disclose its identity.

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William Caton February 15, 1994 Page 7

If there are any questions regarding the enclosed information, please contact the undersigned.

Respectfully submitted,

HOGAN & HARTSON

Gardner F. Gillespie Jacqueline P. Cleary

Attorneys for the Coalition of Small System Operators

cc: James W. Olson, Esq. Andrea Williams, Esq.

PROGRAMMING COSTS ANAYLYSIS

1992 United Artists vs 1992 * Member Company

	United	Member	Percent
Basic Programming Channel	<u>Artists</u>	Company	Greater
American Movie Classics	\$0.21	\$0.25	19.0%
Arts & Entertainment	\$0.08	\$0.14	75.0%
Black Entertainment Netwk	\$0.07	\$0.08	14.3%
Bravo	\$0.11	\$0.22	100.0%
Cable News Network	\$0.17	\$0.31	82.4%
CNBC	\$0.10	\$0.10	0.0%
Comedy Television Network	\$0.05	\$0.05	0.0%
Country Music TV	\$0.03	\$0.07	133.3%
C-Span	\$0.03	\$0.04	33.3%
Discovery Channel	\$0.05	\$0.16	220.0%
ESPN	\$0.41	\$0.55	34.1%
Family Channel	\$0.08	\$0.12	55.0%
Lifetime	\$0.03	\$0.14	366.7%
MTV	\$0.05	\$0.20	300.0%
Nashville Network	\$0.07	\$0.20	185.7%
Nickelodeon	\$0.09	\$0.20	122.2%
The Weather Channel	\$0.05	\$0.10	100.0%
Turner Network	\$0.38	\$0.40	5.3%
USA Network	\$0.20	\$0.25	25.0%
VH-1	\$0.00	\$0.02	infinite
WGN	\$0.02	\$0.10	400.0%
WWOR	\$0.03	\$0.10	233.3%
WTBS	\$0.01	\$0.04	300.0%
TOTAL BASIC PROGRAMMING EXPENSES	\$2.32	\$3.84	65.7%
TOTAL BASIC SUBSCRIBERS	2,300,000 est.	24,232	
	United	Phoenix	Percent
Premium Program Channel **	<u>Artists</u>	Cable	<u>Greater</u>
Home Box Office	\$4.30	\$6.06	40.8%
Showtime	\$4.29	\$5.82	35.8%
Clnemax	\$2.85	\$4.17	46.4%
Disney	\$3.60	\$4.89	35.9%
The Movie Channel	\$5.32	\$4.75	-10.7%
Playboy	\$2.00	\$2.98	49.3%
TOTAL PAY UNITS	UNK	15,537	

^{*} Member - Coalition of Small Systems Operators

^{**} weighted averages

UNITED ARTISTS CABLE - NORTHEAST DIVISION 1992 BUDGET ANALYSIS

		ANNAPO	110	BALTIMO)e	BROOKH	CONNECTION	EASTERN SHORE		MASSACHUSETTS		NEW JERSEY		WESTCHESTER			
		2nd SUBMISSION 1st SUBMISSION			2nd SUBMISSION		2nd SUBMISSION		2nd SUBMISSION		1st SUBMISSION				1st SUBMIS		
	Ì	8/19/91 8/6/91		8/13/91			8/12/91 8/22/91			8/2/91		8/6/91		8/2/91			
	DESCRIPTION	S OR UNITS			SYAVO		SSS/AVG		201010				_			\$ OR UNITS	
	DESCRIP ITON	D OIT OILL	444/1/40	TOTIONIO 10	 	3 011 011110	1000/14.0	OCCUPATION 18	39/AVG I	3 ON ONTO	999/144	\$ ON OHITS	444/7.6	SON ONLISE	\$\$3/A 4 G	3 ON CHILD	#33/ATG
DEFINITION OF *\$\$\$/AVG*	BASIC PRORM EXP (CONTD)																
COST/AVG BASIC SUB/MO	THE CALIFORNIA CHANNEL	01	\$0.00	0/	\$0.00	0	\$0.00	0}	\$0.00	01	\$0.00	0.	\$0.00	01	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	THE LEARNING CHANNEL	8,926	\$0.03	45,406	\$0.04	27,130	\$0.04	70,992	\$0.04	12,504	\$0.03	0	\$0.00	0	\$0.00	4,482	\$0.00
COST/AVG BASIC SUB/MO	THE WEATHER CHANNEL	13,772	\$0.05	70,055	\$0.05	41,857	\$0.05	109,399	\$0.05	19,291	\$0.05	13,299	\$0.05	123,232	\$0.05	53,146	\$0.05
COST/AVG BASIC SUB/MO	TURNER NETWORK TELEVISION	102,783	\$0.38	512,363	\$0.40	305,790	\$0.39	816,442	\$0.40	143,971	\$0.40	99,251	\$0,40	931,650	\$0.40	396,626	\$0.40
COST/AVG BASIC SUB/MO	USA NETWORK	53,471	\$0.20	271,376	\$0.21	163,017	\$0.21	431,930	\$0.21	75,505	\$0.21	51,409	\$0.21	487,875	\$0.21	207,170	\$0.21
COST/AVG BASIC SUB/MO	VIDEO HITS ONE	0	\$0.00	0	\$0.00	0		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00		\$0.00
COST/AVG BASIC SUB/MO	VISN	0	\$0.00	0	\$0.00	23,254	\$0.03	7,371	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	WFMT	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	_ 0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	WGN	5,152	\$0.02	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	
COST/AVG BASIC SUB/MO	WWOR	0	\$0.00	39,179	\$0.03	0	\$0.00	0	\$0.00	0)	\$0.00	0)	\$0.00	0)	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	WTBS	2,576	\$0.01	13,103	\$0.01	0	\$0.00	18,199	\$0.01	2,979	\$0.01	2,487	\$0.01	23,349	\$0.01	9,970	\$0.01
COST/AVG BASIC SUB/MO	X-PRESS	4,045	\$0.02	18,907	\$0.01	0		30,533	\$0.02	0	\$0.00	3,399	\$0.01	34,460	\$0.01	14,595	\$0.01
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	9,000	\$0.03	0	\$0.00	0		0	\$0,00	14,739	\$0.04	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0		0	\$0.00	0	\$0.00	0	\$0,00	0	\$0.00	0	
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0	*****	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0	30.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0	40.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	TOTAL BASIC PROGR EXPENSE	603,852	\$2.26	3,217,356	\$2.49	2,902,732	\$3.75	6,256,989	\$3.09	892,665	\$2.46	568,016	\$2.29	7,369,819	\$3.19	3,253,035	\$3.30
	PREMIUM PROGRAM EXPENSE																
COST/AVG HBO UNIT/MO	HOME BOX OFFICE	508,404	\$4.34	3,500,128	\$4.34	1,578,035	\$4.39	2,972,969	\$4.16	308,529	\$3.63	315,069	\$4.34	6,111,192	\$4.34	2,291,433	\$4.34
COST/AVG SHO UNIT/MO	SHOWTIME	85,740	\$5.32	1,625,726	\$3.83	204,391	\$3.93	1,463,584	\$2.95	42,250	\$3.97	95,459	\$4.64	1,128,854	\$5.63	602,606	\$6.18
COST/AVG MAX UNIT/MO	CINEMAX	0	ERR	1,292,693	\$2,90	395,496		80,108	\$0.15	54,335	\$2,99	46,066	\$2.90	526,872	\$3.01	294,637	\$2.90
COST/AVG DIS UNIT/MO	DISNEY	115,896	\$4.56	490,583	\$3.60	229,071	\$4.11	558,634	\$2.30	33,533	\$1,50	80,045	\$4,50	570,886	\$4.17	280,675	\$4.21
COST/AVG TMC UNIT/MO	THE MOVIE CHANNEL	276,816	\$5.56	789,718	\$4.90	128,588	\$4.28	987,168	\$4.42	44,938	\$4,40	62,508	\$5,74	356,453	\$5.47	1,445,581	\$6.18
COST/AVG PLAYBOY UNIT/MO		0	ERR	59,876	\$2.00	0	ERA	59,136	\$2.00	8,330	\$1,94	0	ERR	0	ERR	0	ERR
COST/AVG LOC SPRT UNIT/MO		153,084	\$5.48	796,596	\$5.31	755,252	\$7.64	177,428	\$4.35	59,121	\$4,41	86,100	\$4.10	1,707,393	\$8.46	655,215	\$7.64
COST/AVG LOC SPRT UNIT/MO		6,648	\$0.55	0	\$0.00	3,769	\$0.55	0 _	\$0.00	0	\$0.00	32,406	\$1.00	12,851	\$2.40		\$0.00
COST/AVG BRAVO UNIT/MO	OTHER PAY-BRAVO		\$0.00		\$0.00	<u> </u>	\$0.00		\$0.00	0	\$0.00	11,294	\$0.55	0	\$0.00	40,753	\$2.45
COST/AVG PAY UNIT/MO	UNUSED	0	\$0.00	29,736	\$0.55		\$0.00	293,728	\$0.55	0	\$0.00	0	\$0.00		\$9,621.67	0	\$0.00
COST/AVG PAY UNIT/MO	TOTAL PREMIUM PROG EXPENSE	1,146,588	\$4.62	8,585,056	\$3.89	3,294,602	\$4.47	6,592,755	\$2.34	551,036	\$3,36	728,947	\$3,44	10,529,961	\$4.80	5,610,900	\$4.97

UNITED ARTISTS CABLE - NORTHEAST DIVISION 1992 BUDGET ANALYSIS

	ANNAPOLIS	BALTIMORE	BALTIMORE BROOKHAVEN		EASTERN SHORE	ASTERN SHORE MASSACHUSETTS		WESTCHESTER
	2nd SUBMISSION	1st SUBMISSION	2nd SUBMISSION	2nd SUBMISSION	2nd SUBMISSION	1st SUBMISSION	1st SUBMISSION	fst SUBMISSION
ļ	8/19/91	8/6/91	8/13/91	8/12/91	8/22/91	8/2/91	8/6/91	<i>8[2]</i> 91
DESCRIPTION	\$ OR UNITS \$\$\$/AVG	\$ OR UNITS \$\$\$/AVG	\$ OR UNITS \$\$\$/AVG	S OR UNITS \$\$\$/AVG	S OR UNITS \$\$\$/AVG	\$ OF UNITS \$\$\$/AVG	\$ OR UNITS \$\$\$/AVG	S OR UNITS \$\$\$/AVG

DEFINITION OF *\$\$\$/AVG* COST/AVG BASIC SUB/MO COST/AVG BASIC SUB/MO

COST/AVG BASIC SUB/MO

																3347.00
BASIC PROGRAMMING EXPENSE													·		· ·····	
AMERICAN MOVIE CLASSICS	54,172	\$0.20	270,040	\$0.21	161,165	\$0.21	430,303		75,879	\$0.21	52,310	\$0.21	491,024	\$0.21	27,202	\$0.03
ARIZONA PRIME SPORTS NTWK	0	\$0.00	0	\$0.00	0			7 - 17 -	0	70.00	0	\$0.00	0	\$0.00	0	\$0.00
ARTS & ENTERTAINMENT	20,368	\$0.08	103,369	\$0.08	62,095	\$0.08	164,330	\$0.08	28,760	\$0.08	19,582	\$0.08	185,835	\$0.08	78,988	\$0.08
ASSOCIATED PRESS	0	\$0.00	0	\$0.00	0			\$0.00	9,741	\$0.03	0	\$0.00	0	\$0.00	0	\$0.00
BLACK ENTERTAINMENT NTWK	20,368	\$0.08	103,369	\$0.08	0	\$0.00	144,924	\$0.07	28,760	\$0.08	10,081	\$0.04	0	\$0.00	10,322	\$0.01
BRAVO	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	39,251	\$0.11	0	\$0.00	0	\$0.00	0	\$0.00
CABLE NEWS NETWORK	53,458	\$0.20	271,918	\$0.21	206,184	\$0.27	424,631	\$0.21	61,830	\$0.17	51,620	\$0.21	540,265	\$0.23	205.285	\$0.21
CHANNEL 11 KSTW	ōl	\$0.00	0	\$0.00	. 0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
CHANNEL 9 KCTS	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
CNBC	Ö	\$0.00	126,200	\$0.10	0	\$0.00	197,705	\$0.10	34.859	\$0.10	23.993	\$0.10	0	\$0.00	95,269	\$0.10
COMEDY TELEVISION NETWORK	12,855	\$0.05	65,384	\$0.05	38.243	\$0.05	a		18,005	\$0.05	11,507	\$0.05	0	\$0.00	6,455	\$0.01
COUNTRY MUSIC TELEVISION	0	\$0.00	52.282	\$0.04	O	\$0.00	9,902		11.888	\$0.03	0	\$0.00	0	\$0.00	0,100	\$0.00
C-SPAN	7.046	\$0.03	34,355	\$0.03	6.782	\$0.01	53.345		9,385	\$0.03	6.545	\$0.03	60,800	\$0.03	25,844	\$0.03
DISCOVERY	14,308	\$0.05	72,779	\$0.06	43,485	\$0.06	113,654	\$0.06	20,041	\$0.06	13,817	\$0.06	129,691	\$0.06	7,185	\$0.01
ENCORE	- 17,000	\$0.00	48,741	\$0.04	28,336	\$0.04	74,554		11.000	\$0.03	9,039	\$0.04	86,855	\$0.04	37,085	\$0.04
ESPN	109,017	\$0.41	543,458	\$0.42	324,287	\$0.42		\$0.43	152,693	\$0.42	105,259	\$0.42	988.056	\$0.43	420,645	\$0.43
FAMILY CHANNEL (CBN)	20.519	\$0.08	104,139	\$0.08	62.556	\$0.08			28.975	\$0.42 \$0.0B	19,728	\$0.08	187,218	\$0.08	79,792	\$0.08
FINANCIAL NEWS NETWORK	5.018	\$0.02	25,293	\$0.02	15.650	\$0.02	163,730	7 7 7 7	20,9/3	\$0.00	19,728	\$0.00	46.092	\$0.02	79,792	
	3,016	\$0.02	25,293	\$0.02	15,630	\$0.02	0		0	\$0.00	0	\$0.00		\$0.02		\$0.00
FM SERVICE GALAVISION		\$0.00	<u> </u>	\$0.00	0		0		0	\$0.00	0	\$0.00	0		0	\$0.00
		\$0.00	0		0		- 0				0	\$0.00		\$0.00		\$0.00
HOME SPORTS ENTERTAINMENT				\$0.00						\$0.00			0	\$0.00		\$0.00
HOME TEAM SPORTS	0	\$0.00	0	\$0.00	0		0		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
THE INTERNATIONAL CHANNEL		\$0.00	0	\$0.00		\$0.00	·		0	\$0.00	0	\$0.00		\$0.00	0	\$0.00
KIVT	0	\$0.00	0	\$0.00	0	7 7 7 7 7	0	77.77	0	\$0.00	0	\$0.00	. 0	\$0.00	0	\$0.00
LIFETIME	8,863	\$0.03	45,170	\$0.03	27,195	\$0.04	71,761		12,597	\$0.03	8,577	\$0.03	81,099	\$0.04	34,436	\$0.03
MADISON SQUARE GARDEN		\$0.00	0	\$0.00	852,226	\$1.10	273,813	\$0.14		\$0.00	0	\$0.00	2,361,096	\$1.02	1,046,614	\$1.06
MIND EXTENSION UNIVERSITY	0	\$0.00	0	\$0.00	0				0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
MISCELLANEOUS NEWS	0]	\$0.00	0	\$0.00	310,050	\$0.40	0		0	\$0.00	0	\$0.00	34,677	\$0.02	0	\$0.00
MISCELLANEOUS PROGRAMMING	13,395	\$0.05	0	\$0.00	38,756	\$0.05	101,416		0	\$0.00	0	\$0.00	0	\$0.00	148,063	\$0.15
MTV	12,303	\$0.05	62,558	\$0.05	38,828	\$0.05	101,537	\$0.05	0	\$0.00	12,244	\$0.05	115,733	\$0.05	49,128	\$0.05
MUSIC	0	\$0.00	0	\$0.00	0	\$0.00	0	*****	0	\$0.00		\$0.00	0	\$0.00	0	\$0.00
NASHVILLE	17,981	\$0.07	91,461	\$0.07	0	\$0.00	142,997	\$0.07	25,156	\$0.07	17,128	\$0.07	160,886	\$0.07	68,146	\$0.07
NICKELODEON	24,604	\$0.09	125,116	\$0.10	77,475	\$0.10	203,072		35,969	\$0.10	24,490	\$0.10	231,465	\$0.10	98,254	\$0.10
NOSTALGIA	0	\$0.00	0	\$0.00	_38,520	\$0.05	0		9,955	\$0.03	0	\$0.00	68,462	\$0.03	48,331	\$0.05
PACIFIC SPORTS	0	\$0.00	0	\$0.00			0		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
PRIME SPORTS	0	\$0.00	0	\$0.00	0	\$0.00	0		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
PRIME SPORTS NETWORK NW	0	\$0.00	0	\$0.00	0	\$0.00	0		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
PRIME TICKET	0	\$0.00	0	\$0.00	0	\$0.00		\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
PRIME TIME TONIGHT	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	01	\$0.00	0	\$0.00
PRO AM SPORTS	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
PROG E!	0	\$0.00	90,534	\$0.07	Ó	\$0.00	141,814	\$0.07	0	\$0.00	0	\$0.00	0	\$0.00	68,803	\$0.07
SATELLITE GUIDE	9,852	\$0.04	10,800	\$0.01	9,852	\$0.01	20,400	\$0.01	0	\$0.00	12,252	\$0.05	o	\$0.00	10,200	\$0.01
SPORTS CHANNEL	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	o	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
SPORTS CHANNEL AMERICA	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
SPORTS CHANNEL CHICAGO	0	\$0.00	o	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	ō	\$0.00	0	\$0.00
SPORTS CHANNEL CINCINNATI	0	\$0.00	0	\$0.00	0		0		0	\$0.00	0	\$0.00	0	\$0.00	0	00.02
SPORTS CHANNEL LOS ANGELES		\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	00.02
SPORTS CHILL NEW ENGLAND	0	\$0.00		\$0.00			1.070.420	\$0.53	0	\$0.00	0	\$0.00	0	\$0.00		\$0.00
SPORTS SOUTH	0	\$0.00		\$0.00	0		0			\$0.00	0	\$0.00		\$0.00	- 0	\$0.00
SPORTS TRACKER		\$0.00	- 0	\$0.00	- 0	\$0.00	0		8.931	\$0.02	0	\$0.00	- 0	\$0.00	- 	\$0.00
SUNSHINE	0	\$0.00	0	\$0.00	0	\$0.00	ō		0,531	\$0.00	0	\$0.00	0	\$0.00		\$0.00
SOMETHING	- 01	30.00	- 01	30.00		30.00	L	, 30.00	<u> </u>	30.00		- 50.00		- 20.00		30.00